

## Message Text

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15

ACTION EA-14

INFO OCT-01 EUR-25 ADP-00 SCEM-02 EB-11 COME-00 INT-08

TRSE-00 OMB-01 CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

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RSR-01 /178 W

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R 100814Z JUL 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 5201

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L TOKYO 8759

E.O. 11652: GDS

TAGS: ENRG JA US UR

SUBJ: OHIRA STATEMENT ON SIBERIAN DEVELOPMENT

REF TOKYO 8481

SUMMARY: FONMIN OHIRA, IN SPEECH JUST PRIOR TO OPENING OF JAPAN-SOVIET TALKS ON SIBERIAN DEVELOPMENT, REPORTEDLY TOOK VERY CAUTIOUS VIEW OF PROSPECTS FOR JAPANESE COOPERATION YAKUTSK GAS AND TYUMEN PIPELINE PROJECTS. FONOFF LATER TOLD EMB THAT OHIRA'S REMARKS HAD BEEN DISTORTED BY PRESS. MAJOR CONCLUSIONS TO BE DRAWN FROM OHIRA'S REMARKS ACCORDING FONOFF ARE THAT FINANCING WILL BE IMPORTANT ISSUE IN TALKS WITH SOVIETS AND THAT INVOLVEMENT OF US FIRMS IN TYUMEN AND YAKUTSK IS NECESSARY.

1. FONMIN OHIRA, IN SPEECH DELIVERED AT JAPAN PRODUCTIVITY CENTER IN KARUIZAWA ON JULY 8, REPORTEDLY TOOK CAUTIOUS STANCE TOWARD PROSPECTS OF JAPANESE PARTICIPATION IN SIBERIAN DEVELOPMENT. ACCORDING PRESS, OHIRA NOTED (IN CONNECTION WITH TYUMEN AND YAKUTSK GAS PROJECTS) THAT  
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AMOUNT OF BANK LOANS IS LARGE, AND EASIER THAN NORMAL CREDIT TERMS

ARE REQUIRED. WHETHER OR NOT JAPAN CAN HANDLE THIS WITH ITS PRESENT FINANCIAL ABILITY IS A PROBLEM. FORMULA FOR COOPERATION WITH "THIRD COUNTRIES" MUST ALSO BE SERIOUSLY CONSIDERED. THUS, OHIRA SAID, THESE PROJECTS ARE NOT ONES WHICH CAN BE PROMOTED SMOOTHLY AND WITHOUT TROUBLE.

2. REGARDING POSSIBILITY OF OBTAINING ENRICHED URANIUM FROM USSR, OHIRA REPORTEDLY SAID THAT "OUR LONGTIME FRIEND" THE U.S. IS THE ONLY RELIABLE SOURCE AT PRESENT.

3. FONOFF, AT DIVISIONAL LEVEL, OBVIOUSLY LESS THAN PLEASED WITH OHIRA REMARKS, AND RESULTING PRESS SPECULATION THAT REMARKS SIGNALLED REVIVAL OF GOJ POLICY TYING PROGRESS ON ECONOMIC FRONT TO PROGRESS IN NORTHERN TERRITORIES. ISSEI NOMURA, DEPUTY HEAD OF FIRST EAST EUROPE DIV OF FONOFF, TOLD EMBOFF JULY 9 THAT OHIRA'S SPEECH WAS AN IMPROMPTU ONE, THAT HAD NOT BEEN PREPARED BY FONOFF STAFF. ADDED THAT PRESS HAD DISTORTED MEANING OF OHIRA'S COMMENTS. SPEAKING FROM NOTES, NOMURA SAID THAT OHIRA'S REMARKS DID NOT AFFECT FUNDAMENTAL GOJ POSITION THAT IF PRIVATE LEVEL NEGOTIATIONS ARE SATISFACTORILY COMPLETED ON TYUMEN AND YAKUTSK PROJECTS, GOJ IS READY TO EXTEND FINANCING. NOMURA EMPHATICALLY DENIED THAT OHIRA HAD MEANT TO SUGGEST ANY LINK BETWEEN ECONOMIC ISSUES AND NORTHERN TERRITORIES ISSUE.

4. NOMURA ADDED THAT CORRECT CONCLUSION THAT SHOULD BE DRAWN FROM OHIRA REMARKS IS THAT THERE ARE TWO IMPORTANT PROBLEMS IN NEGOTIATIONS ON YAKUTSK AND TYUMEN: A) FINANCING AND B) INVOLVEMENT OF US FIRMS OR "THIRD COUNTRIES" AS OHIRA PUT IT. ON LATTER POINT NOMURA EMPHASIZED THAT GOJ VIEWED INVOLVEMENT AS "NECESSITY."

5. COMMENT: OHIRA'S REMARKS WERE DELIVERED DAY BEFORE OPENING OF TOKYO TALKS BETWEEN HIGH LEVEL SOVIET DELEGATION AND JAPANESE BUSINESS INTERESTS (SEE REFTEL), AND WERE APPARENTLY DSSIGNED TO AFFECT THESE TALKS. OHIRA MAY HAVE BEEN HOPING TO STRENGTHEN JAPANESE POSITION VIS-A-VIS SOVIETS BY LETTING JAPANESE BUSINESSMEN KNOW THT GOJ WILL NOT SIMPLY RUBBER-STAMP A PRIVATE

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AGREEMENT IT FEELS IS EXCESSIVELY GENEROUS TO SOVIETS. MORE IMPORTANT CONSIDERATION, HOWEVER, MAY HAVE BEEN DESIRE TO BOLSTER JAPANESE BARGAINING POSITION AT MOSCOW SUMMIT.  
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